

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 1379 - SB 1505

March 11, 2019

SUMMARY OF BILL: Allocates all revenue from the collection of the amusement tax from an event or activity hosted by a college or university to the respective college or university. Stipulates that all additional revenue collected as a result of this legislation be used exclusively by such respective college or university for repairs, maintenance, renovation, enhancements, or debt service on facilities that were funded with the approval of the Tennessee State School Bond Authority.

ESTIMATED FISCAL IMPACT:

Increase State Revenue – Exceeds \$4,267,100/Tennessee Public Universities

Decrease State Revenue – Exceeds \$4,137,100/General Fund

Decrease Local Revenue – Exceeds \$1,688,300

Other Fiscal Impact – Private universities will receive a recurring amounts exceeding \$1,558,300 each year.

Assumptions:

- Based on information provided by the Department of Revenue, total statewide ticket sales to sporting events are estimated to exceed \$61,320,067. This amount is estimated to remain constant into perpetuity.
- Pursuant to Tenn. Code Ann. § 67-6-212(a), the amusement tax is equal to the state sales and use tax levied on the sale of tangible personal property at retail, which is 7.0 percent pursuant to Tenn. Code Ann. § 67-6-202. For purposes of this fiscal note amusement tax and state sales and use tax have the same meaning.
- Pursuant to Tenn. Code Ann. § 67-6-702(a)(1), any county, by resolution of its county legislative body, or any incorporated city or town, by ordinance of its governing body, is authorized to levy a tax (a local option sales tax) on the same privileges subject to this chapter as the chapter may be amended, that are exercised within such county, city or town, to be levied and collected in the same manner and on all such privileges.
- The proposed reallocation of amusement tax revenue is assumed to apply to both state and local taxes.

- The current state sales tax rate is 7.0 percent; the average local option sales tax rate is estimated to be 2.5 percent; the effective rate of apportionment to local government pursuant to the state-shared allocation is estimated to be 3.617 percent.
- The recurring decrease in state sales tax revenue to the General Fund is estimated to exceed \$4,137,149 $[(\$61,320,067 \times 7.0\%) - (\$61,320,067 \times 7.0\% \times 3.617\%)]$.
- The recurring decrease in local sales tax revenue is estimated to exceed \$1,688,258 $[(\$61,320,067 \times 2.5\%) + (\$61,320,067 \times 7.0\% \times 3.617\%)]$.
- According to the Tennessee Independent Colleges and Universities Association's 2019 report entitled "Private Colleges Serving Tennessee 2019," there are approximately 81,000 students enrolled at Tennessee private colleges and universities.
- Based on information provided on the Tennessee Higher Education Commission's website, there are approximately 221,775 students across the state enrolled in community colleges and public universities for the 2018-2019 academic year.
- Public universities across this state account for approximately 73.25 percent of all higher education students in Tennessee $[221,775 / (81,000 + 221,775)]$.
- This legislation stipulates that all revenue from the collection of the amusement tax from an event or activity hosted by a college or university be used exclusively by such respective college or university for repairs, maintenance, renovation, enhancements, or debt service on facilities that were funded with the approval of the Tennessee State School Bond Authority.
- The recurring increase in state revenue to Tennessee public universities is estimated to exceed \$4,267,111 $[(\$4,137,149 + \$1,688,258) \times 73.25\%]$. The recurring increase in revenue to private universities is estimated to exceed \$1,558,296 $[(\$4,137,149 + \$1,688,258) - \$4,267,111]$.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

/jdb